

Appropriations Committee – February 28, 2023
Public Hearing on H.B. 6659
An Act Concerning the State Budget for the Biennium Ending June 30, 2025

Good afternoon, Senator Osten, Representative Walker, Senator Berthel, Representative Nuccio and members of the Appropriations Committee. **Thank you for the opportunity to speak with you today** about the Governor’s proposed budget and the funding of non-profit groups which support the mission of Connecticut health and human services agencies.

My name is David Porteus. I am speaking today as an individual, but by way of background:

- I am the **parent of a 38-year-old autistic man** who has received services from eight different DDS-funded non-profit groups over the last 16 years.
- I am also a **member of the board of directors of two other agencies**, Oak Hill and Gilead Community Services, that between them provide services to thousands of individuals across the state and receive funding from DDS, DMHAS and DCF. These organizations provide services to individuals with mental health needs, developmental disabilities, and substance use disorders.
- I also am a taxpayer, with over 50 years of experience paying Connecticut taxes.

First, I want to **thank you** for the 5.4% Cost of Living Adjustment as well as roughly the 2% increase from one-time grants which were provided to community nonprofits in last year’s budget. This was the second year in a row of increases, and that is hugely appreciated after the previous 14 years of “flat funding.” It was a sound and welcome sign of support. Thank you.

Yet these increases need to be understood in context. Many years of failing to adjust for inflation-driven cost increases has resulted in community non-profit revenues being 46% behind where they were in 2007. While the last budget cycle COLA increases totaling roughly 9.4% may sound generous to some, they were less than the rate of inflation (13.4%¹) for those two years alone. They can do little more than slow the deterioration we are seeing.

It will take many years to fill the hole that “flat funding” has created for our non-profit groups. We need to continue the efforts started over the last two years and consequently I am asking that you:

- 1) **increase funding for community nonprofits by at least 9% in FY24 and 7% in FY25,**
and
- 2) **index future increases to inflation.**

Why am I asking for that? Let me offer a few perspectives on the current state of services to the populations we serve in Connecticut:

- 1) State-wide, we still have **several thousand individuals on waiting lists** for services, most notably individuals with developmental disabilities who are waiting for residential services.
- 2) **“Staffing crisis”** is the phrase I have heard frequently to describe non-profit vacancy rates. I have seen vacancy rates that were 5 to 8 times higher than normal. Staff attrition

¹ 7.0% for the year ending December 2021 and 6.4% for the year ending December 2022. Source: Bureau of Labor Statistics, CPI calculator

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is a recurring challenge for the agencies and a severely disruptive factor in the lives of many of our clients.

- 3) **Non-profits continue to lose employees** to well-funded state hiring efforts designed to attract experienced workers to positions common to both the State and non-profits (e.g., group home managers). **Non-profits are unable to compete effectively** with State benefits, working conditions, and salaries which, in the case of State employees, have appropriately seen regular adjustments over the last 15 years.
- 4) **Non-profits have had to close programs** due to the limited funding. This is a frightening trend, which, if it continues, could result in additional unavailability of services. Alternatively, the State may need to provide services directly in the future, potentially at a much higher cost.
- 5) **The overall situation is increasingly an existential threat for many non-profits** who are unable to continue running operations at a loss.

In addition to the specific funding levels mentioned above, I would also ask the following:

- 1) Please ensure that any intended funding increases are **allocated fairly to all parties**. The last increases, for example, did not apply to individuals working in areas funded through Medicaid or covered under the state's settlement with certain unions. This resulted in situations where funding for co-workers sometimes differed significantly.
- 2) Please **clarify** through statute the intent of **the Innovation Incentive Program**. This was intended to enable non-profits to retain savings from efficient delivery of services, but clawback provisions remain. Any savings generated should be reinvested in community programs and services run by the non-profit which generated the savings, not reclaimed by the State.
- 3) **Please view the funding need as more than a simple inflationary increase**. Ask yourself if we, as a state, are providing the type and level of services that you believe we should be. Recognize that the need for services, especially mental health, continues to grow.

I've often said that the best gauge of both individual and societal character is how the most vulnerable populations are treated. Are we treating those individuals and families on the waiting list the way we would like to treat them?

- 4) Please provide **clear, timely and appropriate legislative oversight** to the state agencies tasked with the challenges of serving this population. Ensure that we maintain a balance between needed oversight of non-profits, complex and conflicting regulations, and efficiency. Consider reinstating the Program Review Committee to drive this process.

Lastly, when the Governor's budget was first announced I had two very different reactions. My first reaction was that it was wonderful that Connecticut appears to be in such better shape financially than we have been. We're making progress on paying down our pension deficits and recent legislative actions around budget surpluses and the rainy day fund are paying off.

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My second reaction: Why are we proposing to cut taxes? The budget doesn't even include inflationary increases to help those most in need of the services I am speaking about. Don't we want to be known as **a state that takes care of its people**? Shouldn't we do that first, or at least, as part of a package that also includes tax reductions?

I'm not encouraging this committee to vote down a tax cut as I'd like to see you again in future years! But I do hope that we will balance the needs of this population against the understandable political desire to reduce the cost to taxpayers, should that be the choice that is necessary.

While this is an easier task this year than it has been in the past, I recognize the many choices you will make in the coming months are difficult ones and hope that you will consider my perspective in making your decision.

I greatly appreciate the thought, effort, and time that you all put in to improve the State of Connecticut and want to thank you for the chance to speak today.

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